

Message Text

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R 220915Z MAY 78
FM AMEMBASSY SOFIA
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USDOC WASHDC

UNCLAS SECTION 1 OF 2 SOFIA 0946

USDOC FOR BEWT/TDAD

E.O. 11652: N/A
TAGS: BEXP, BTIO, BU
SUBJECT: MEETING OF AMBASSADOR WITH GOB MINISTER OF METALLURGY AND
MINERAL RESOURCES

REF: A) STATE 121984; B) SOFIA 0861; C) SOFIA 0853

1. SUMMARY: IN MEETING WITH AMBASSADOR ON MAY 16, MINISTER
OF METALLURGY AND MINERAL RESOURCES STAMEN STAMENOV REITERATED
HIS REQUEST FOR THE EMBASSY'S ASSISTANCE TO FACILITATE CONTACTS
WITH AMERICAN FIRMS. HE PROVIDED A GENERAL LIST OF BULGARIAN
INTERESTS IN HIS FIELDS OF RESPONSIBILITY, AND AGREED TO
PROVIDE A MORE DETAILED LIST OF EQUIPMENT NEEDS. HE ALSO PROPOSED
A JUNE VISIT TO THE US BY HIS SENIOR DEPUTY TO MEET WITH AMERI-
CAN COMPANIES. END SUMMARY.

2. MINISTER STAMENOV EXPLAINED TO AMBASSADOR THAT AS A RESULT
OF THE APRIL PARTY CONFERENCE HIS MINISTRY HAD BEEN GIVEN FULL
AUTHORITY FOR DECISION-MAKING ABOUT TYPES OF EQUIPMENT AND
TECHNOLOGY TO BE PROCURED. ALSO, THE MINISTRY HAD BEEN GIVEN
INCREASED PRODUCTION GOALS AND HAD AN ACCELERATED TIME-
TABLE FOR PROCUREMENT OF EQUIPMEM. HSSTWED THW HU
MCISTRYSUFFREFFRM A SEVERE LACK OF INFORMATION ON
AMERICAN FIRMS, EQUIPMENT, AND TECHNOLOGY PARTLY AS THE
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RESULT OF DIFFICULTIES IN PROCURING AMERICAN LITERATURE.
ALTHOUGH LITERATURE ON AMERICAN INDUSTRY AND INDUSRIAL
PROCESSES IS AVAILABLE IN GOB INSTITUTES, THE MINISTRY
DOES NOT HAVE READY ACCESS TO SUCH MATERIAL. THE MINISTER
CONTRASTED THIS WITH AVAILABILITY OF SOVIET LITERATURE,
AND REQUESTED ASSISTANCE OF EMBASSY IN PROCUREMENT OF
AMERICAN LITERATURE. THE EMBASSY IS FORWARDING PROPOSAL

AND LIST OF MINISTRY'S NEEDS BY SEPARATE CABLE.

3. THE MINISTER SAID HE PLANNED MOST INTENSIVE ACTIVITY IN FIELD OF METALLURGY FOR MODERNIZATION OF EXISTING PLANTS, EXPANSION OF PRODUCTION CAPABILITIES IN OTHERS, AND THE CONSTRUCTION OF NEW COMPLEXES. AS AN INDICATION OF URGENCY THE MINISTER PLACES ON OBTAINING INFORMATION ON AMERICAN EQUIPMENT AND ECHNOLOGY, HE STATED THAT HE HOPED IT WOULD BE POSSIBLE FOR FIRST DEPUTY MINISTER DIMITUR DACHEV (WHO ALSO WAS PRESENT AT THE MEETING) TO TRAVEL TO THE STATES DURING THE LATTER HALF OF JUNE TO MEET WITH APPROPRIATE COMPANIES. HE CLOSED OPENING COMMENTS WITH STATEMENT THAT HE WISHED TO BE ASSURED THAT HIS APPROACH TO THE EMBASSY WAS A CORRECT MEANS OF SEEKING CONTACTS WITH AMERICAN FIRMS AND THAT THE EMBASSY WAS INTERESTED IN ASSISTING HE MINISTRY.

4. THE AMBASSADOR ASSURED STAMENOV THAT THE DEVELOPMENT AND EXPANSION OF SUCH CONTACTS WAS AN IMPORTANT PART OF DEVELOPING RELATIONS BETWEEN BULGARIA AND THE US. THE TYPE OF ASSISTANCE SOUGHT BY THE MINISTER REPRESENTED AN IMPORTANT AND INCREASING SHARE OF THE ACTIVITY OF THE EMBASSY, AND THE EMBASSY IS CHARGED WITH RESPONSIBILITY TO PROVIDE THIS AS SERVICE TO USDOC AND AMERICAN FIRMS. AMBASSADOR STRESSED THAT RESPONSIVENESS OF EMBASSY AND USDOC TO MINISTRY NEEDS IS DIRECTLY RELATED TO THE MINIS-
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TRY'S ABILITY TO DEFINE AS SPECIFICALLY AS POSSIBLE EQUIPMENT, TECHNOLOGY AND SERVICES REQUIRED. HE NOTED THAT AMERICAN FIRMS WILL NEED ASSURANCES OF SERIOUS INTENTION TO DISCUSS BUSINESS, WITH DETAILED SPECIFICATION OF REQUIREMENTS XOR EQUIPMENT AND SERVICES, AND INDICATIONS OF READINESS TO DISCUSS APPROPRIATE FINANCIAL ARRANGEMENTS. MINISTER RESPONDED TO LATTER POINT WITH STATEMENT THAT BANK OF AMERICA WAS PREPARED TO OFFER MINISTRY CREDIT LINE OF \$200 MILLION WITH ONE WEEK'S NOTICE, RAHND THE MINISTRY IS PREPARED TO MAKE ACCEPTABLE ARRANGEMENTS FOR PAYMENT. THE MINISTER CITED EXAMPLE OF JAPANESE FIRMS THAT DO NOT WANT CASH FOR PLANS, BUT PREFER SHARE OF PRODUCTION. THE AMBASSADOR INTERJECTED THAT AMERICAN COMPANIES WOULD USUALLY WANT CASH DEALS. THE MINISTER REPLIED THAT THE FINANCIAL ARRANGEMENTS COULD BE WORKED

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OUT WITH THE AMERICAN FIRMS. THE MINISTER PROPOSED A TRIP OF FIRST DEPUTY MINISTER DACHEV WITH A SMALL GROUP OF MINISTRY SPECIALISTS TO THE STATES IN LATE JUNE FOR MORE CONCRETE DISCUSSIONS DIRECTLY WITH AMERICAN FIRMS. HE EMPHASIZED THE URGENCY OF THE MINISTRY'S REQUIREMENTS AND LAMENTED THAT IN THE FIELD OF METALLURGY TWO TO THREE YEARS HAD BEEN LOST ALREADY TOWARD MEETING GOB PLANNING GOALS.

5. THE AMBASSADOR REQUESTED THAT THE MINISTER DESIGNATE AN APPROPRIATE SENIOR MINISTRY OFFICIAL TO SERVE AS A CONTACT POINT FOR THE EMBASSY AND SUBSEQUENT FOLLOW-UP DISCUSSIONS BY REPRESENTATIVES OF AMERICAN FIRMS. FIRST DEPUTY MINISTRY DACHEV WAS SO DESIGNATED BY THE MINISTER. THE AMBASSADOR ALSO REQUESTED, AND THE MINISTER AGREED, THAT DACHEV MEET WITH EMBOFF THIBAUT IMMEDIATELY FOLLOWING THE MEETING TO DISCUSS THE PREPARATION BY THE MINISTRY OF A DETAILED LIST OF SPECIFICATIONS FOR EQUIPMENT AND TECHNOLOGY FOR TRANSMITTAL TO USDOC. HE GAVE THE AMBASSADOR A LIST OF SUBJECTS ON WHICH TECHNICAL LITERATURE WAS DESIRED (SEE SEPTTEL).

6. THE MINISTER CITED SEVERAL EXAMPLES OF EQUIPMENT REQUIREMENTS, BUT EMBASSY WILL HOLD THESE COMMENTS TO BE INCLUDED WITH TRANSMITTAL OF MINISTRY'S DETAILED LIST OF EQUIPMENT AND TECHNOLOGY NEEDS.

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7. AT SUBSEQUENT MEETING OF EMBOFF THIBAUT AND FIRST DEPUTY MINISTER DACHEV, LATTER STATED THAT THE MINISTRY KNEW WHEN THE MINISTER OPENED HIS DIALOGUE WITH EMBASSY ON MAY 4 THAT SUCH A SPECIFICATIONS LIST WOULD BE REQUIRED. DACHEV SAID THAT THE MINISTRY HAD VARIOUS SPECIALISTS

WORKING TO COMPILE THE LIST AND HAS IMPOSED A DEADLINE OF MAY 25 TO DELIVER LIST TO EMBASSY. DACHEV AGREED THAT WITHIN A DAY AFTER THE EMBASSY RECEIVED THIS LIST HE AND EMBOFF WILL MEET TO REVIEW THE LIST. EMBOFF REQUESTED MINISTRY CONSIDER ESTABLISHING PROCEDURE FOR HANDLING FUTURE INQUIRIES AND RESPONSES FROM AMERICAN FIRMS WHEN NOTIFICATIONS WERE ISSUED BY USDOC TO APPROPRIATE COMPANIES. DACHEV SAID THAT HE PERSONALLY INTENDED TO OVERSEE THIS SITUATION. IN PRACTICAL TERMS, THIS DIRECT INVOLVEMENT OF MINISTRY IN CONSULTATIONS WITH AMERICAN FIRMS MEANS THAT AMERICAN REPRESENTATIVES SHOULD NOT EXPECT THE BULGARIAN FTOS TO HAVE ANY KNOWLEDGE OF THE MINISTRY'S EQUIPMENT OR TECHNOLOGY REQUIREMENTS FOR QUITE SOME TIME, AND THAT ALL INQUIRIES AND RESPONSES OR REQUESTS FOR MEETINGS SHOULD BE SENT DIRECTLY TO MINISTRY, AND NOT TO FTOS (SUCH AS TECHNOIMPORT).

8. RELATED SUBJECT: ON MAY 17, EMBASSY ADVISED VISITING MANAGER OF ALLIS-CHALMERS OFFICE OF BUSINESS DEVELOPMENT FOR EASTERN EUROPEAN OPERATIONS TO MAKE A DIRECT INQUIRY TO MINISTRY OF METALLURGY AND MINERAL RESOURCES FOR AN APPOINTMENT WITH FIRST DEPUTY MINISTER DACHEV TO DISCUSS ORE DRESSING EQUIPMENT. ALLIS-CHALMERS REPRESENTATIVE RECEIVED A QUICK RESPONSE AND AN APPOINTMENT FOR MAY 19. IN ALMOST ONE HOUR MEETING WITH DACHEV HE RECEIVED STATEMENTS (SIMILAR TO THOSE MADE TO EMBASSY) THAT MINISTRY INTERESTED

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IN PROCURING EQUIPMENT DIRECTLY FROM AMERICAN FIRMS. IT WAS HIS CONCLUSION THAT THE BULGARIANS WILL SEEK BUYBACK DEALS, AND DACHEV SAID CONSULTATIONS WITH AMERICAN FIRMS WILL INCLUDE DISCUSSIONS ON DETERMINING POSSIBLE PERCENTAGES OF BUYBACK, BUT THAT MINISTRY INTENDS IN ANY CASE TO SIGN MUTUALLY BENEFICIAL CONTRACTS. AT ONE POINT IN DISCUSSIONS ALLIS REP SUGGESTED POSSIBLE COOPERATIVE PROJECT WITH PARTICIPATION OF USSR AND ALLIS-CHALMERS, BUT THIS IDEA WAS IMMEDIATELY REBUFFED BY DACHEV, WHO MADE CLEAR THAT MINISTRY PLANNED TO FOCUS ON EQUIPMENT AND TECHNOLOGY PROCUREMENT FROM AMERICAN FIRMS. (ALLIS-CHALMERS REP INITIALLY VISITED EMBASSY BECAUSE HE WAS HAVING PROBLEMS MAKING APPOINTMENTS WITH FTOS, BUT FOLLOWING OUR SUGGESTION ENCOUNTERED NO PROBLEMS ARRANGING A MEETING WITH FIRST DEPUTY MINISTER.) ALLIS REP EXTENDED INVITATION FOR DACHEV TO VISIT ALLIS-CHALMERS' OFFICES IN MILWAUKEE WHEN DACHEV VISITS THE STATES, AND HE PLANS TO FOLLOW UP WITH A WRITTEN INVITATION. EMBASSY ADVISED REP TO CONTACT BEW/TEAD FOR FUTURE DEVELOPMENTS ON MINISTRY'S LISTS OF SPECIFICATIONS AND DACHEV'S TRAVEL PLANS.

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